HOME GROUP PENSION AND LIFE ASSURANCE SCHEME

STATEMENT OF INVESTMENT PRINCIPLES
June 2025

1.0 INTRODUCTION

The Trustees of the Home Group Pension & Life Assurance Scheme (the Scheme") have drawn up this Statement of Investment Principles to comply with the requirements of the following regulations:

- The Pensions Act 1995, as amended by the Pensions Act 2004
- The Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Charges and Governance Regulations) 2015.

This Statement is intended to affirm the investment principles that govern decisions about the Scheme's investments.

A separate document, detailing the specifics of the Scheme's investment arrangements, has also been drawn up and is available on request.

In preparing this Statement, the Trustees have consulted with Home Group Limited, the Sponsoring Employer. As a result of that process, the Sponsoring Employer has notified the Trustees that:

- There are no material issues relating to the Sponsoring Employer of which the Trustees should be aware in agreeing the Scheme's investment arrangements; and

- The Sponsoring Employer thinks the current Defined Benefit ("DB") asset allocation adopted by the Trustees achieves an appropriate balance between investment return growth and matching liabilities.

2.0 INVESTMENT ADVICE

The Trustees have considered their investment and funding objectives in light of the strength of the Sponsoring Employer covenant to ensure that the two are compatible and supportable for investing the Scheme's assets. The Trustees have then constructed a portfolio of investments consistent with these objectives and which they hope will deliver the maximum level of return (net of all costs) for the level of risk taken (taking into account limitations on the overall complexity of arrangements to the size of assets under management).

The Trustees take into account what they believe to be financially material considerations over an appropriate time horizon, which can include risk and return expectations as well as Environmental, Social and Governance ("ESG") issues where these are considered to have a material impact on income, value or volatility of an investment held or the overall portfolio of investments held by the Scheme. Specific considerations are detailed throughout this Statement.

In considering the appropriate investments for the Scheme, the Trustees have obtained and considered the written advice of Mercer Limited, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and the arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

3.0 INVESTMENT OBJECTIVES

The investment objectives set out here are those that the Trustees determine to be financially material considerations in relation to the Scheme.

The Trustees' main principles with regard to investment policy are:

- To achieve, a suitable balance between return expectation and risk taken. In deciding what is a suitable balance for the Defined Benefit (DB) Section, the Trustees will consider both their duty to act in the best interests of the members and beneficiaries, and the interests of the Sponsoring Employer in relation to the size and volatility of the contribution requirements;

- To ensure that sufficient liquid assets are available to meet benefit payments as they fall due.

Within this framework, the Trustees have agreed the following objectives to help guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed:

DB Section:

- The Scheme was 100% funded on Technical Provisions as at the 2023 actuarial valuation. The objective is to maintain this position, accepting short term fluctuations.

- To ensure the investment strategy is consistent with the funding strategy taking into consideration the assessed strength of the Sponsoring Employer covenant.

- Given the nature of the liabilities, the investment time horizon of the Scheme is potentially long-term. The Trustees have not adopted a specific time horizon for reducing risk further. However, given the long-term nature of the benefits, the Trustees are expecting to invest for a period that could exceed 10 years.

Defined Contribution ('DC') Section:

- To offer members a choice of investment opportunities, both Lifestyle and Self Select, with the aim of meeting their differing investment needs, desired choice of retirement benefits (i.e. income drawdown, annuity or cash) and attitude to risk.

- To offer a default investment option for members who do not want to make an investment choice.

- To offer investment funds with reasonable annual management charges.

- To provide members with general information as to the purpose of each option and signpost where to obtain additional information/guidance as appropriate.

Additional Voluntary Contributions:

To provide members with access to a range of funds which:

- Are expected to provide good, long term rates of return ahead of inflation, over the course of a member's life prior to retirement; and
- Include options that provide protection against market falls resulting in reduced levels of cash and/or pension being available when a member reaches retirement.

4.0 DEFINED BENEFIT (DB) SECTION

4.1 Risk Management and Measurement

There are various risks to which any pension scheme is exposed which are considered to be financially material to the Scheme over its anticipated lifetime. The Trustees' policy on risk management is as follows:

- The primary risk upon which the Trustees focus is that arising through a mismatch between the Scheme's DB assets and its liabilities.

- The Trustees recognise that whilst increasing risk increases potential returns over the longer term, it also increases the risk of a shortfall in returns relative to that required to cover the Scheme's DB accruing liabilities as well as producing more short-term volatility in the Scheme's DB funding position. The Trustees have taken advice on the matter and (in light of the objectives noted previously) have adopted an asset allocation policy that combines investment in both higher and lower risk asset classes.

- The Trustees recognise the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustees aim to ensure the asset allocation policy in place results in an adequately diversified portfolio. In addition, the Scheme's DB investment managers are expected to hold diversified portfolios of assets to control the risk of over-exposure to individual stocks.

- The documents governing the manager appointments include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the DB section of the Scheme. The managers are prevented from investing in asset classes outside their mandates without the Trustees' prior consent.

- Arrangements are in place to monitor the Scheme's DB investments to help the Trustees check that nothing has occurred that would bring into question the

continuing suitability of the current investments. To facilitate this, the Trustees have set up an Investment Sub-Committee to provide more focus in these areas. The Sub-Committee and the Trustees receive regular reports from the Investment Consultant and, where appropriate, the investment managers. These reports include an analysis of the overall level of return, to monitor whether the asset allocation, investment strategy and returns achieved are consistent with those required and expected.

- The safe custody of the Scheme's DB assets is delegated to professional custodians (either directly or via the use of pooled vehicles).

- Considerations specific to Environmental, Social and Governance ("ESG") issues are addressed in section 8.

Should there be a material change in the Scheme's circumstances, the Trustees will review whether and to what extent the investment arrangements should be altered, and in particular whether the current risk profile remains appropriate.

4.2 Portfolio Construction

The Trustees have adopted the following control framework in structuring the Scheme's investments:

- There is a role for active management.

- At the total DB Section level and within individual manager appointments, investments should be broadly diversified to ensure there is not a concentration of investment with any one issuer. This restriction does not apply to investment in UK Government debt.

- Investment in derivatives is permitted within pooled funds as long as they contribute to a reduction in risk or facilitate efficient portfolio management.

- Investment may be made in securities that are not traded on regulated markets within pooled funds. Recognising the risks (in particular liquidity and counterparty exposure) such investments will normally only be made with the purpose of reducing the Scheme's mismatch risk relative to its liabilities or to facilitate efficient portfolio management. In any event the Trustees will ensure that the assets of the Scheme are predominantly invested on regulated markets.

- Borrowing is not permitted except to cover short term liquidity requirements.

4.3 Investment Strategy

The investment strategy of the Scheme is summarised in the table below. The allocation to each underlying asset class will be monitored on a regular basis by the Trustees such that it adheres to the agreed investment framework and target liability hedge ratio. The investment framework may evolve over time subject to the Trustees' risk and return objectives.

Asset class	Long term Target Allocation (%)	Expected return (above gilts pa)*	Manager and fund	Objective
Unlevered Gilts	62.0%	-0.10%	LGIM All Stocks Gilts Index Fund	Track the performance of the FTSE Actuaries UK Conventional Gilts All Stocks Index to within +/-0.25% p.a. for two years out of three.
			LGIM Over 15 Year Gilts Index Fund	Track the performance of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index to within +/-0.25% p.a. for two years out of three.
			LGIM 5 to 15 Year Gilts Index Fund	Track the performance of the FTSE Actuaries UK Conventional Gilts 5-15 Years Index to within +/-0.25% p.a. for two years out of three.
			LGIM 5 to 15 Year Index-Linked Gilts Index Fund	Track the performance of the FTSE Actuaries UK Index Linked Gilts 5-15 Years Index to within +/-0.25% p.a. for two years out of three.
			LGIM Over 15 Year Index-Linked Gilts Index Fund	Track the performance of the FTSE Actuaries UK Index Linked Over 15 Years Index to within +/-0.25% p.a. for two years out of three.
Buy and Maintain Credit	10.0%	0.83%	Columbia Threadneedle Net Zero Transition 2024-30 Buy and Maintain Fund	Provide a total return commensurate with investment in non-government bonds and other similar assets.
			Columbia Threadneedle Net Zero Transition 2031-38 Buy and Maintain Fund	
Multi Sector Credit	14.0%	1.80%	LGIM Global Diversified Bond Fund (GBP Hedged)	Provide a long term return consisting of a combination of growth and income.
Equity	5.0%	4.30%	UBS Life Climate Aware World Equity Fund	To deliver returns broadly in line with the FTSE Developed Index and will increase or decrease exposures to constituents of the index based on their expected contributions towards climate change.
	5.0%		UBS Life Climate Aware World Equity Fund (GBP Hedged)	To deliver returns broadly in line with the FTSE Developed Hedged to GBP Net Tax (UKPN) Index and will increase or decrease exposures to constituents of the index based on their expected contributions towards climate change.
Property	4.0%	2.80%	Columbia Threadneedle Property Unit Trust	To provide investors with an indirect investment exposure to a diversified, multi sector portfolio of commercial property assets throughout the UK.

*Expected XPS return assumptions are as at 31 March 2025.

Liability Hedging

This strategy is designed to achieve liability hedging of:

- 100% of the interest rate risk, as a proportion of the Scheme's total liabilities, as assessed against the current Technical Provisions basis.
- 100% of the inflation risk as a proportion of the Scheme's total liabilities, as assessed against the current Technical Provisions basis.

Rebalancing investments

The Trustees will review the allocation on a periodic basis and consider whether it remains appropriate. The Investment Consultant will report on the asset allocation relative to the target in the Scheme's quarterly investment monitoring reports for the DB Section. The Trustees do not automatically rebalance the allocation to a benchmark on a regular basis.

Further details of the investment strategy are set out in the Summary of Investment Arrangements.

4.4 Day–to-Day Management of the Assets

The Trustees delegate the day-to-day management of the assets to a number of investment managers across a range of mandates. The Trustees have taken steps to satisfy themselves that the managers have the appropriate knowledge and experience for managing the Scheme's investments and that they are carrying out their work competently.

The Trustees have determined, based on expert advice, a benchmark mix of asset types and ranges within which each appointed investment manager may operate.

The Trustees regularly review the continuing suitability of the Scheme's investments, including the appointed managers.

Details of the appointed managers and their mandates can be found in the Summary of Investment Arrangements.

4.5 Expected Return

The Trustees expect to generate a return, over the long term, in excess of that taken into account in the actuarial assumptions under which the Scheme's funding target has been agreed. It is recognised that, over the short term, performance may deviate significantly from the long term target. It is further recognised that, by definition, investment performance does not affect DB members' benefit entitlements.

5.0 DEFINED CONTRIBUTION (DC) SECTION

Under the terms of the Trust Deed, the Trustees are responsible for providing members with a range of funds in which to invest their own and the Sponsoring Employer's

contributions paid on their behalf.

5.1 Risk management and measurement

The Trustees recognise that members have differing investment needs and that these needs may change during the course of a member's working life. They also recognise that members have different attitudes to risk. The Trustees believe that members should make their own investment decisions based on their individual circumstances, but that they should be encouraged to seek independent financial advice before doing so.

Many members will feel unable to make a choice and therefore provision of a default approach is essential.

The Trustees acknowledge that the annual management charges in relation to the investment funds offered need to be reasonable and in accordance with industry standards and guidance from the Pensions Regulator.

When designing the Scheme's investment strategy, the Trustees have considered the following risks:

1. The markets in which the funds invest perform poorly such that the investment objectives are not met.

   The Trustees manage this risk principally through offering members sufficient choice of investment vehicles to manage their own risks diversified across asset classes, regions, sectors, individual stocks, etc. The Trustees carry out periodic reviews of the overall range of funds with the assistance of their Investment Consultant.

2. The real value (i.e. post inflation value) of members' accounts decreases.

   The Trustees manage this risk by providing members with a range of funds, across various asset classes, with the majority expected to keep pace with inflation (with the exception of the money market and fixed interest bond funds). As above, members are able to set their own investment allocations, in line with their risk tolerances. The Trustees carry out periodic reviews of the overall range of funds with the assistance of their Investment Consultant.

3. The individual fund managers perform poorly relative to the markets in which they invest, or their performance prospects deteriorate leading to the need to select a new fund manager.

   The Trustees manage this risk first through investment choice by offering members a choice of passive and active investment management. Passive management is expected to produce a return that is very close to the relevant market performance, whereas active management is expected to perform better than the relevant benchmark but may perform worse. The decision to offer active management reflects the Trustees' belief that the additional return prospects can outweigh the higher fees and risk of underperformance relative to a passive approach. The Trustees assess the performance and performance prospects of their fund managers relative to relevant market benchmarks on a regular basis, both in terms

of performance and performance volatility, with the assistance of their Investment Consultant.

4. Members' investments do not match how they would like to draw their benefits

   The Trustees manage this risk by making three lifestyle strategies available, targeting cash, drawdown or annuity. Lifestyle strategies automatically switch member assets as they approach retirement into investments that are expected to be less volatile relative to how they wish to access their pension savings. These lifestyle strategies increase the proportion of assets that more closely match the chosen retirement destination as members approach retirement. This aims to reduce the risk of a substantial fall in the purchasing power of their accumulated savings near retirement. The suitability of the funds used in the lifestyle strategies are reviewed at least triennially with performance reviewed on a regular basis.

5. The risk that the investment profile of the default investment option is unsuitable for the requirements of some members.

   The Trustees manage this risk by offering a range of lifestyle options targeting different benefits at retirement. Members are also provided with information to assist their decision-making process. In addition, the suitability of the default investment option is reviewed at least triennially. Reviews include a focus on member profiling, industry trends and innovation of DC investments to ensure continued suitability.

6. Considerations specific to ESG issues are addressed in section 8.

The risks identified above are considered by the Trustees to be 'financially material considerations'. The Trustees believe the appropriate time horizon over which to assess these considerations should be viewed at a member level. This will be dependent on the member's age and their selected retirement age. It is for this reason that a number of lifestyle options have been made available to members.

5.2 The range of investment funds

The Trustees have commissioned Aviva, a company regulated by the Financial Conduct Authority (FCA), to offer a range of services to help support the administration of the DC Section of the Scheme. This includes providing a platform for the investment funds selected by the Trustees.

Aviva has day-to-day responsibility for investing the DC contributions into the range of funds offered by the Trustees and as selected by the individual members.

The range of investment options available includes a default lifestyle option, which is described below, and two additional lifestyle options which are likely to be more suitable for members targeting a cash lump sum or purchase of an annuity at retirement.

The range of funds includes equities, diversified growth funds, money market investments, index-linked gilts, corporate bonds and pre-retirement funds. It is the Trustees' policy to offer both active and passive management options to members where appropriate, depending on asset class. Members can choose fund(s), and the balance between different kinds of investments, which they deem appropriate to their

needs. All funds are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets. More detail on this is included in the Summary of Investment Arrangements.

5.3 Default investment option

For members who do not wish to take an active role in investment decisions, the Trustees offer a default option ("Home Group Drawdown Lifestyle Strategy") which includes lifestyling arrangements to de-risk investments to an asset allocation designed to be appropriate for a typical member who intends to enter into an income drawdown arrangement at retirement, in addition to withdrawing a 25% cash lump sum (which is currently tax-free).

The aims of the default investment option, and the ways in which the Trustees seek to achieve these aims, are detailed below:

- To generate returns in excess of inflation during the "growth" phase of the strategy.

  The default investment option's growth phase structure invests 45% in a global equities fund, 45% in a sustainable equities fund and 10% in an emerging markets equity fund. These investments are expected to provide long term growth.

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's fund grows, investment risk will have a greater impact on retirement outcomes. The Trustees believe that a default investment option that seeks to reduce investment risk, relative to the choice of retirement benefits as the member approaches retirement is therefore appropriate. This is achieved via automated lifestyle switches over the 15 year period prior to a member's target retirement date.

- To offer to members a mix of assets which, at retirement, are broadly appropriate for an individual planning to take the maximum allowable tax free cash (25% of the value of the member's fund) and enter into an income drawdown arrangement with the remaining 75%.

  At the member's selected retirement date, 75% of the member's assets will be invested in a combination of a global equities fund, a sustainable equities fund, an emerging markets equity fund, a diversified growth fund, and a bond fund, with the aim of preparing the member for entering into an income drawdown arrangement at retirement. The remaining 25% will be invested in a pooled cash fund.

The Trustees' policies in relation to the default investment option are detailed below:

The default lifestyle strategy manages investment and other risks through a strategic asset allocation consisting of equities, diversified growth funds, bonds and cash. Risk is not considered in isolation but in conjunction with expected investment returns and retirement outcomes for members. Section 4.1 of this statement contains further details on the risks the Trustees have considered (these are also applicable to the default). The risks identified are considered by the Trustees to be 'financially material considerations'. The Trustees believe the

appropriate time horizon over which to assess these considerations should be viewed at a member level. This will be dependent on the member's age and their selected retirement age. It is for this reason that the default investment option is a lifestyle arrangement.

- Considerations specific to ESG issues are addressed in section 8 along with the extent to which non-financial matters are considered.

- In designing the default investment option, the Trustees have explicitly considered the trade-off between risk and expected returns.

- If members wish to, they can opt to choose their own investment strategy or an alternative lifestyle strategy on joining, but also at any other future date.

- Assets in the default lifestyle strategy are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.

- The investment managers have responsibility for buying, selling and the realisation of the underlying assets. All of the pooled funds are daily dealt.

- Assets are invested mainly on regulated markets (those that are not are kept to prudent levels).

- The investment managers also have discretion to incorporate social, environmental and ethical considerations in exercising their delegated responsibilities. Section 8 of this statement contains further details.

Policies in relation to Illiquid Assets

The Trustees consider illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Scheme's default investment option, the Home Group Drawdown Lifestyle Strategy, includes no direct allocation to illiquid investments or to investments via a collective investment scheme.

The Scheme has indirect exposure to illiquid assets through its investment in the Home Group Diversified Growth Fund. This is a multi-asset fund that includes an allocation of c.7% to illiquid assets as at 31 March 2025. This comprises of exposure to the following illiquid assets: UK Physical Property (c.5%) and Private Market Credit (c.2%). Members gain exposure to the Home Group Diversified Growth Fund during the de-risking phase of the default investment option. Members are wholly invested in the growth phase until 15 years to retirement, when they begin to reduce investment risk. At the member's selected retirement date, 25% of the member's assets will be invested in the Home Group Diversified Growth Fund. The Trustees are comfortable with indirectly investing in a small proportion of illiquid assets through a diversified multi-asset fund. The other funds used in the default investment option do not invest in any underlying illiquid assets.

In selecting investments for the default investment option, the Trustees use both qualitative and quantitative analysis to consider the expected impact of different

strategic allocation mixes. For any future investment, the Trustees carefully consider whether the investment provides value for members, taking account of the return potential and associated risks. It is the Trustees' policy to review the allocation of the default investment option on at least a triennial basis. Such reviews will include whether the incorporation of illiquid asset investments is appropriate.

The Trustees understand the potential for higher returns and benefits of diversification relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. Whilst these potential benefits are recognised by the Trustees, they are also aware of the risks of illiquid assets to members. Given the potential for valuations of illiquid assets to not reflect their true value at a given time, as well as concerns over liquidity management and platform compatibility; the Trustees consider direct investment into an illiquid asset fund as not currently suitable for members of the Scheme. However, the Trustees will continue to discuss the inclusion of illiquid assets. The Trustees remain comfortable with the funds used in the default investment option, and annually assess whether the funds used provide value for members.

Suitability of the default investment option

Assets in the default investment option are invested in the best interests of members and beneficiaries, taking into account the profile of members.

In particular, the Trustees have considered the membership demographics and characteristics (in particular, estimated size of final pension pots) in order to inform decisions regarding the default investment option. In addition, the Trustees have considered industry trends and innovation in DC investments. Based on these considerations and the options available, a default investment option that targets taking an income drawdown and a tax-free cash lump sum (25% of the value of the member's fund) is considered appropriate.

Members will be supported by clear communications regarding the aims of the default and the alternative investment options. The default investment option does not mean that members have to take their benefits in this format at retirement – it merely determines the investment strategy that will be in place pre-retirement.

Taking into account the demographics of the Scheme's membership and the Trustees' views of how the membership will behave at retirement, the Trustees believe that the current default investment option is appropriate. As noted at the start of this section, they will continue to review this over time, and immediately after significant changes to the Scheme's demographics or members' behaviour.

5.4 Additional defaults

In accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015, the Trustees have identified that investment options listed in the table in Appendix A are to be treated as 'default arrangements' (as defined by these regulations) in addition to the current default investment option (as detailed in 5.3). These have been identified as 'default arrangements' as member contributions have been automatically directed to replacement funds without members having instructed the Trustees where their savings and future contributions are to be invested. In the case of the Home Group Annuity Lifestyle Strategy, members' investments in theprevious default investment option were retained in that option when the Scheme's

main default was changed to another investment option in the Scheme. Details of the aims, objectives and policies in relation to these defaults in contained in Appendix A.

5.5 Expected return

The funds available are expected to provide an investment return relative to the level of risk associated with them. The Trustees believe that the range of funds offered should provide a range of potential returns that are suitable for the membership as a whole. More details on the DC funds available are included in the Summary of Investment Arrangements.

5.6 Monitoring of investment performance

The Trustees review the investment performance of the funds available to members on a regular basis and take advice as to the providers' continued suitability. More details on the DC funds available are included in the Summary of Investment Arrangements.

6.0 ADDITIONAL VOLUNTARY CONTRIBUTIONS

6.1 Overview

The Trustees recognise that the members investing in additional voluntary contributions will have differing investment needs. In addition, the Trustees need to offer a range of funds with which the members feel comfortable but to balance the number of funds available with the administrative burden.

In order to meet the objectives set out in 3.0, the Trustees offer funds in three broad categories; *growth assets* to generate good long term returns, *defensive assets* to protect against market falls and *specialist funds* to meet either of these objectives, depending on the nature of the vehicle.

6.2 The range of available investments

Further detail on the funds offered, including the annual management charges, is included in the Statement of Investment Arrangements.

6.3 Monitoring of investment performance

The investment performance based on the available information is included in the Investment Consultant's annual review of investment performance. The Trustees review the range of investments from time to time.

7.0 CASH FLOW POLICY

The Scheme has a separate cashflow policy in place which has been agreed by the Trustees. This policy is in place for when ad-hoc disinvestments are required in the event that the Scheme's ongoing cashflow requirements are not met from the regular disinvestment and investment income. The policy also documents the process for

investments of surplus cash in the Trustee Bank Account. The Trustees decide (with advice from their investment managers and/or Investment Consultant) on how investments should be realised for cash to meet Scheme benefits and expenses. Disinvestments may also be made in order to bring the Scheme's asset allocation towards the benchmark allocation and the appropriate source of disinvestments is reviewed quarterly. Investments into the Scheme are considered on a case by case basis.

8.0 RESPONSIBLE INVESTMENT

The Trustees believe that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment returns and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustees have given the investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Scheme's investments. These investment managers are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustees have determined the following key themes as the basis for the Scheme's "most significant votes" in respect of the investment manager engagement activities:

- Climate Change: low-carbon transition and physical damages resilience;
- Pollution, natural resource degradation and energy efficiency: air, water and land (forests, soils and biodiversity);
- Human rights: modern slavery, pay and safety in workforce and supply chains, and abuses in conflict zones;
- Diversity, Equity and Inclusion: inclusive and diverse decision making.

The Trustees consider how ESG, climate change and stewardship are integrated within investment processes when appointing new investment managers and monitoring existing investment managers. Monitoring is undertaken on a regular basis as set out below.

The Trustees review the following reporting on an annual basis:

- Stewardship monitoring reporting, which assesses each underlying equity manager's record of executing and disclosing voting activity (where voting rights apply), and the extent to which they are engaging with the underlying companies in which they invest.
- ESG ratings are disclosed in the quarterly performance reports, which are reviewed by the Trustees.

Following the triennial review of the Scheme's investment strategy that was implemented in March 2022, the Scheme incorporated a fund with strong ESG principles (the Home Group Sustainable Equity Fund) into the default investment option as well as in the general fund range.

The allocation to the Home Group Sustainable Equity Fund was subsequently increased following the 2024 triennial review of the Scheme's investment strategy.

8.1. Non-financial matters

Non-financial matters are not taken into account when determining investment policy, and members' views are not actively sought. The Trustees would expect to review this policy if there were significant member demand.

However, for the DC section, the Trustees have made a passive ESG equity fund, UK ethical equity fund and an Islamic global equity fund available to members as self-select options. These allow members to invest in terms of specific ethical or religious beliefs.

9.0 SELECTION, RETENTION AND REALISATION OF INVESTMENTS

The selection, retention and realisation of assets is carried out in a way consistent with maintaining the Scheme's overall strategic allocation and consistent with the overall principles set out in this Statement.

In general, the investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments held within each fund. The Trustees may realise fund units for cash on any of the managers' dealing dates by selling units at the prevailing unit price, and will do so in order to implement members' individual investment decisions in the DC Section.

9.1 Engagement with the investment managers

The policies in relation to the Trustees' arrangements with their investment managers are set out below.

A <u>Incentivising the asset manager to align its investment strategy and decisions with the Trustee policies:</u>

In line with sections 8.0 and 8.1, investment managers are appointed based on their capabilities, and therefore their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they are being selected.

The Trustees look to their Investment Consultant for their forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the Investment Consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management in relation to the particular investment fund that the Scheme invests in. The Investment Consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustees, and are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective of a particular fund changes, the Trustees will review their use of the fund to ensure it remains appropriate and consistent with the Trustees' wider investment objectives.

The Scheme's investment funds are reviewed following periods of sustained tracking error from their respective benchmarks. The Trustees will review the appropriateness of using active and passive managed funds (on an asset class basis) on an ad-hoc basis.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate funds can be selected to align with the overall investment strategy.

B Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of a holding company, and to engage with holding companies in order to improve their performance in the medium to long-term:

The Trustees expect investment managers to incorporate the consideration of longer-term factors, such as ESG factors, into their decision-making process where appropriate. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity.

The Trustees also consider the Investment Consultant's assessment of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustees' responsible investment policy. The Trustees will use this assessment in decisions around selection, retention and realisation of manager appointments.

C Aligning the evaluation of the asset manager's performance and the remuneration for asset management services with the Trustees' policies:

The Trustees receive investment manager performance reports on a quarterly basis, which present performance information over various periods. The Trustees review the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated tracking error (over the relevant time period) on a net of fees basis.

If the manager is not meeting their investment objectives for the fund or the investment objectives have changed, the Trustees may review the fund and consider whether to terminate the mandate or not along with reviewing the annual management charge levied by the manager.

The remuneration for investment managers used by the Scheme is based on assets under management. For the DC section, the levels of these fees are reviewed annually as part of the annual value for members' assessment to ensure they continue to represent value for members.

D Monitoring portfolio turnover costs incurred by the asset manager:

The Trustees receive MiFID II reporting from their investment manager but do not analyse the information. The Trustees monitor portfolio turnover costs in the DB section on an annual basis.

In the DC section, portfolio turnover costs for each fund are reviewed on an annual basis as part of the annual value for members' assessment. The ability to assess the appropriateness of these costs is currently limited by the availability of data and the lack of industry-wide benchmarks. The Trustees will monitor industry developments in how to

assess these costs and incorporate these in future value for members' assessments. Importantly, performance is reviewed net of portfolio turnover costs.

E The duration of the arrangement with the asset manager:

The Trustees are long term investors and are not looking to change the investment arrangements on a frequent basis.

The funds invested in are open-ended funds and therefore there is no set duration for the manager appointments.

In the DB section, the Trustees will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager's appointment has been reviewed and the Trustees have decided to terminate it.

In the DC section, the available fund range and default investment option are reviewed on at least a triennial basis. The Trustees may cease using a particular fund if it is no longer considered to be optimal, or to have a place in the default strategy or general fund range.

10.0 COMPLIANCE WITH THIS STATEMENT

The Trustees will monitor compliance with this Statement regularly, and in any event will review this Statement at least once every three years and without delay after any significant change in investment policy. The Statement will also be reviewed in response to any material changes to any aspects of the Scheme and its finances, or changes to the attitude to risk of the Trustees and the Sponsoring Employer which the Trustees judge to have a bearing on the stated investment policy. Any such review will be based on written expert investment advice and will be in consultation with the Sponsoring Employer.

For and on behalf of the Trustees of the Home Group Pension & Life Assurance Scheme

APPENDIX A – ADDITIONAL DEFAULTS APPLICABLE TO THE DC SECTION OF THE SCHEME

The Trustees' aims and objectives along with the relevant policies in respect of the additional default funds are summarised in the table below (noting policies that apply to all defaults are included at the end of this appendix):

Fund	Trustees' policies
Aviva Pension MyM Home Group Global Equity	***Trustees' Aims and Objectives*** To provide members with a fund that: – provides long-term capital growth by investing in a diversified portfolio of equities with the currency exposure hedged back to sterling; and – is passively managed. ***Types of investment primarily held*** This fund invests entirely in equities. ***Expected risk and return*** This fund aims to track the performance of the MSCI World Index (Currency Hedged)
Aviva Pension MyM Home Group Diversified Growth	***Trustees' Aims and Objectives*** To provide members with a fund that: – aims to produce a long-term rate of return of 3.75% more than cash whilst providing some protection against its value moving sharply down in changing investment conditions; – provides exposure to a broad range of asset classes; and – delivers a low-cost diversified investment approach. ***Types of investment primarily held*** This fund invests in a broad range of asset classes (equities, bonds, gilts, cash) diversified across geographies. ***Expected risk and return*** This fund aims to deliver a target return of cash (Bank of England Base Rate) plus 3.75% p.a. (gross of fees) over a rolling five year period.

Fund	Trustees' policies
Aviva Pension MyM My Future Annuity	***Trustees' Aims and Objectives*** To provide members with a fund that: – is designed for members approaching retirement and considering purchasing a level (fixed) annuity; and – helps maintain a member's purchasing power against the movement in annuity prices. ***Types of investment primarily held*** This fund invests in gilts and corporate bonds. ***Expected risk and return*** This fund's expected return will be in line with the underlying holdings in gilts and corporate bonds. The benchmark used by the fund is the FTSE UK Level Annuity Single Life Standard Retirement which reflects the overarching aim of the fund to maintain purchasing power against the movement in annuity prices. The fund has no volatility target but the fund aims to provide minimal deviations from its benchmark.
Aviva Pension MyM Legal & General (PMC) FTSE4Good UK Equity Index	***Trustees' Aims and Objectives*** To provide members with a fund that: – provides an exposure to UK equities for members that wish to invest in an ethical manner; and – is passively managed and seeks to track the benchmark return of the relevant index (which is an UK ethical investment stock index). ***Types of investment primarily held*** This fund invests entirely in equities. ***Expected risk and return*** This fund aims to track the sterling total return of the FTSE4Good UK Equity Index to within +/- 0.5% p.a. for two year in three years.
Aviva Pension MyM Home Group Cash	***Trustees' Aims and Objectives*** To provide members with a fund that: – provides capital preservation (although this cannot be guaranteed). ***Types of investment primarily held*** This fund invests in high quality short-term money market instruments. ***Expected risk and return*** This fund targets the SONIA after fees.

Fund	Trustees' policies
Home Group Annuity Lifestyle Strategy	***Trustees' Aims and Objectives*** To provide members with a lifestyle that: – generate returns in excess of inflation during the "growth" phase of the strategy whilst managing downside risk. – provide a strategy that reduces investment risk for members as they approach retirement. – offer members a mix of assets which, at retirement, is broadly appropriate for an individual planning to purchase an annuity and take the maximum allowable tax free cash (25% of the value of the member's fund). ***Types of investment primarily held*** The Home Group Annuity Lifestyle Strategy's growth phase structure invests 45% in a global equities fund. 45% in a sustainable equities fund and 10% in an emerging markets equity fund. As a member's fund grows, investment risk will have a greater impact on retirement outcomes. To reduce investment risk relative to the choice of retirement benefits as the member approaches retirement, is therefore appropriate. This is achieved via automated lifestyle switches over the 15 year period prior to a member's target retirement date. At the member's selected retirement date, 75% of the member's assets will be invested in diversified bond and gilt funds, with the aim to broadly match annuity price movements, and 25% in a pooled cash fund. ***Expected risk and return*** In designing the Home Group Annuity Lifestyle Strategy, the Trustees have explicitly considered the trade-off between risk and expected returns.

Fund	Trustees' policies
Applies to All Additional Defaults	The following applies to each of the Additional Defaults noted above: ***Trustees' Aims and Objectives*** To provide members with a fund that is a suitable replacement for one that has been removed from the Scheme. ***Balance between different kinds of investments*** Members can choose fund(s), and the balance between different kinds of investments, which they deem appropriate to their needs ***Financially material considerations*** The Trustees' policy in relation to financially material considerations for the additional defaults is in line with the main Scheme policy set out in 5.1. In particular, the Trustees' policy in relation to ESG factors and non-financial matters is in line with the main Scheme policy set out in Section 8. ***The realisation of investments*** The Trustees have considered these manager and funds noting that the selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds. However, all funds are daily priced. ***Arrangements with investment managers*** The Trustees' policies in relation to arrangements with investment managers for this default arrangement, including how managers are incentivised to align with the Trustee's policies, the method of evaluation of manager's performance, how turnover costs are monitored and the duration of arrangements, are in line with Section 9 of the main Statement. ***Member's best interests*** The funds and strategies set out in this appendix are designed to meet the objectives that have been outlined. The funds and strategies listed have been deemed defaults due to fund mapping exercises or, in the case of the Home Group Annuity Lifestyle Strategy, members' investments in the previous default arrangement were retained in this option when the Scheme's main default was changed to another investment option in the Scheme. As part of the mapping exercises the Trustees considered the funds and strategies to be an appropriate replacements for the options being removed. For the Home Group Annuity Lifestyle Strategy, the Trustees concluded members close to retirement would not be automatically be moved to the Home Group Drawdown Lifestyle Strategy (the Scheme's main default arrangement), as changing the investments would have resulted in members' taking on additional investment risk, having already started the de-risking process. The Trustee continues to monitor the performance of all the investment options in the DC Section on a quarterly basis and review the appropriateness of the additional default arrangements at least triennially.

As per Section 5.6 of this Statement, funds available to members are reviewed on a regular basis and the Trustees take advice as to the funds' continued suitability. In addition, as the above funds are considered default investment options, they will be reviewed as part of the formal default investment review undertaken at least triennially by the Trustees.